EXHIBIT J

From: Antonio Martino [amartino@silvergate.com]
Sent: 12/21/2022 7:34:39 PM
To: Adam Takeda [atakeda@silvergate.com]
CC: Jason Sasanfar [jsasanfar@silvergate.com]; Andrew Surry [asurry@silvergate.com]
Subject: RE: Financial Model (+ new scenario for OTTI assessment)
Attachments: 2023 Scenario - $3.5B Deposits (SGB)_v3_base case.pptx

Adam,

We have come to agreement with the FHLB to pay down borrowings to 25% by 3/31, and so we will use this scenario as our base case for now. The other version with the 25% paydown by 1/31 we can move to the backburner, and keep in case we need to pull it back out.

So at this stage we have two models – the one prepared for the Board meeting last Friday with a drop in deposits in Q1, and the one for the FHLB scenario earlier today where we keep deposits flat at $3.5B.

We now need to run a third scenario, and it is based on the following assumptions:

1) Fintech Deposits stay flat at $3.5B as per this model run.
2) 1Q23 securities sales remain as is for $2.5B, with FHLB paying down by $2.5B, and brokered CD paydowns coming from the excess cash and loan decreases.
3) However, 2Q, 3Q and 4Q securities sales should be adjusted to a lower level of sales, we will only target enough sales to make sure we can fund the brokered CD maturities, but keep FHLB borrowing to a level that remains at or about 24% of total assets throughout the remainder of the year.
4) Once you determine what level of securities sales are modeled into 2023 in aggregate (the $2.5B from 1Q plus whatever level required in 2Q-3Q-4Q), **we will need to record a portion of that loss in Q4 earnings and remove it from AOCI**. The loss accrued in Q4 should represent the amount already within AOCI from those particular securities. The incremental loss on sale can be taken in the appropriate quarter in 2023. The whole point here is that the FMV loss that is present in AOCI at 12/31 for securities which we have to sell, needs to be transferred out of AOCI and recognized through earnings as a loss, so that the losses end up in retained earnings. This will result in a hit to tier 1, and I estimate tier 1 leverage will drop to about 5.1%. This is what the OTTI impairment accounting does – it forces recognition of loss on securities we need to sell. Since we don't need to get FHLB technically below 25%, I'm holding to that level.

This might be someone iterative, as the losses you take in 4Q22 may impact balance sheet size and you will need to modulate FHLB in 2023 to stay around 24%.

Thanks,
Tony

From: Adam Takeda <atakeda@silvergate.com>
Sent: Tuesday, December 20, 2022 8:25 PM
To: Antonio Martino <amartino@silvergate.com>
Cc: Jason Sasanfar <jsasanfar@silvergate.com>
Subject: RE: Financial Model

Hi Tony,

Please see the attached two scenarios. Note the PPT and Excel with the "25%FHLB" label at the end of the file name which is the second scenario you outline below.

Separately, I will send a note to DVD regarding the correct haircut to use for the aggressive sale in January.

Thanks,

Adam

From: Antonio Martino <amartino@silvergate.com>
Sent: Tuesday, December 20, 2022 12:37 PM
To: Adam Takeda <atakeda@silvergate.com>
Cc: Jason Sasanfar <jsasanfar@silvergate.com>
Subject: FW: Financial Model

Adam,

Thanks for the data enclosed. I would recommend the following two changes to this scenario:

1. Let's assume FHLB goes back to $4.3B for 12/31/22. This implies a $240M paydown from current level. Leave the rest of the paydowns as is.
2. Please normalize the net income on line 10 of slide 3 to exclude the impact of the restructuring charge, as you pointed out below.

Let's produce the same output as you have just done with the two changes above.

As a second scenario, I would like to model the following:

1. Get FHLB down to 25% by Jan 31, and keep at or slightly below 25% for Feb and March. You can run the rest of the quarters the same as our original scenario above. This will be our "punitive scenario". This will require you to sell securities and paydown FHLB more aggressively in January. This scenario should incorporate a deeper loss on sale of the securities since we are jamming a lot of sales in January. Can you go back to the PT "distressed sale model" and let's see if we can come up with the average loss (in other words, 7.9% is the orderly loss rate, what was the distressed loss rate).

Let's produce the same slides with this second scenario.

We can connect by phone if you want me to clarify.

Thanks,
Tony

From: Adam Takeda <atakeda@silvergate.com>
Sent: Tuesday, December 20, 2022 9:48 AM
To: Antonio Martino <amartino@silvergate.com>; Jason Sasanfar <jsasanfar@silvergate.com>
Subject: RE: Financial Model

Hi Tony,

Please see the attached update with the following notes:
1. Equity is roughly $13M less in this v2. There was a formula that needed to be updated based on the new securities sale schedule that impacted this
2. Regarding your question on why equity doesn't come down during the last 3 quarters: while net income is negative in those quarters, backing out the negative AOCI from sales essentially offsets the losses on sale to keep equity flat. You note that the sales should be incrementally punitive, but note that operating income helps offset this especially with the increase in net interest income with the higher average balance sheet size

a. You will notice that the change to the ending 2023 position of equity between the original model vs. this one is the increase in net interest income due to the higher fintech deposits/balance sheet size

3. I've added a "Net Income (excluding Sales)" row to the P/L slide as you called out in your version. However, was wondering if we want to also exclude the RIF charges here as well?

Thanks,

Adam

From: Antonio Martino <amartino@silvergate.com>
Sent: Monday, December 19, 2022 10:45 PM
To: Adam Takeda <atakeda@silvergate.com>; Jason Sasanfar <jsasanfar@silvergate.com>
Subject: FW: Financial Model
Importance: High

Adam,

Thanks for running this scenario. I have added a few slides from other presentations in case we want to use them, and I have a few questions, and I would like to see if Jason has any comments suggestions beyond mine.

Slide 2 – I'm surprised the equity (see red box) does not come down during the last 3 quarters while we are taking portfolio losses? Based on slide 8, about half of the expected loss in the portfolio should be reflected in the MTM already in capital, but the sales value is incrementally punitive and we don't get the tax benefit.

Slide 4 – can we break out the operating profit somehow in each of the quarters (4Q22 through 4Q23)?

Jason – a few questions for you:

Slide 2 – in the balance sheet we are modeling a $500M reduction in FHLB and we are still above 35%. Do you think this will work given what Steve has told us? We will be offside but have an opportunity to rectify in early January.

Slide 3 – does this look like a reasonable glide path intra-quarter, or were you targeting heavier weighting of sales early in the quarter to help manage ratio above 7.5%?

Do you think this scenario is a reasonable view of what we want to achieve, and / or do you have any other comments? (We can discuss this rather than email in the morning).

Thanks,
Tony

From: Adam Takeda <atakeda@silvergate.com>
Sent: Monday, December 19, 2022 7:27 PM
To: Antonio Martino <amartino@silvergate.com>
Cc: Jason Sasanfar <jsasanfar@silvergate.com>
Subject: RE: Financial Model

Hi Tony,

Please see the attached slides with corresponding Excel model. These reflect your assumptions below, along with the revised securities schedule we discussed.

Thanks,

Adam

From: Antonio Martino <amartino@silvergate.com>
Sent: Monday, December 19, 2022 2:27 PM
To: Adam Takeda <atakeda@silvergate.com>
Cc: Jason Sasanfar <jsasanfar@silvergate.com>
Subject: Financial Model

Adam,

Sorry I didn't get back to you earlier, I have not had a break in meetings since we spoke.

We should model the bank to a few alternative views of what we presented to the board. I would prioritize to give us some flexibility.

First scenario:

1 – I would have fintech deposits land at a round $3.5B on 12/31 and hold flat throughout 2023. (We could argue this was the low point of Q4 quarter to date).
2 – My recommendation is that we reflect a $500M paydown to FHLB – down to $4.0B by year end and see what the FHLB as a % of total assets is on this basis.
3 – We manage FHLB to be very close to 25% by Q1, in other words, higher balance sheet should give us a little more room but we want to show FHLB just under 25% by Q1 end.
4 – For Q2, we should target FHLB at about 15% by end of Q2, then by 10% at end of Q3 and Q4 (approximately).

This whole scenario is to see (1) whether more deposits is helpful to FHLB ratios and (2) acknowledge that we don't need to pay FHLB to zero, but we do need to manage down non-core funding ratio to a lower level.

If you could share the output by month for Dec – through Q1 as an incremental view – Jason may want to modulate the timing of securities sales in Q1.

I will free up at 3pm Pacific and onwards and will see if there are other scenarios we want to run.

Thanks,
Tony

Antonio Martino
Chief Financial Officer

P. +1 858-362-6300
C. +1 516-830-0834

4250 Executive Square, Suite 300
La Jolla, CA 92037

Silvergate